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DEPARTMENT OF STATE

ACTION MEMORANDUM

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TO: The Deputy Secretary

24 JAN 1979

FROM: HA - Patricia M. Derian
EB - Robert Hormats, Acting

Human Rights and Multilateral Development Banks: Procedures for Securing Support from Other Governments for U.S. Positions

ISSUE FOR DECISION

Governments of several major countries acknowledge that human rights are a legitimate concern in consideration of MDB projects, yet we have had only partial success in securing their opposition to specific projects we oppose on human rights grounds. The issue for decision is whether, beyond notification of an intent to oppose a loan in a reasonable number of instances, we should seek the support of like-minded governments in opposing such loans.

BACKGROUND/ANALYSIS

Over the course of the past two years, we have opposed about 48 loans to 15 countries for human rights reasons. These actions are in accord with our Congressional mandate and with Administration policy. In our Congressional presentations a year ago we asserted that the Administration actively had pursued its human rights objectives, including in the MDBs, and had made a start in attracting international support.

Other countries have joined us in opposition on approximately 25 loans to five countries. In only one case, however, have we received enough support to have a loan withdrawn [redacted]

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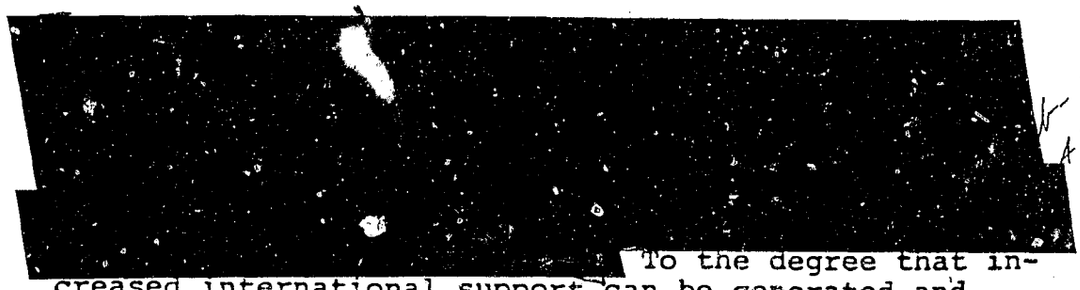


To the degree that increased international support can be generated and other countries also demonstrate their opposition to particular loans, it will strengthen the message of concern with human rights communicated to the violating governments, underline our concern to bank managements about the flow of resources to the government, and enhance Congressional appreciation of our efforts, reducing the likelihood of additional legislative requirements.

Consultations by State and Treasury officials with counterparts from other countries on human rights and foreign assistance including an extensive exchange of views in Paris last month (reporting cable at Tab 1 have revealed several points:

(1) Major industrialized and some developing members of the MDBs are committed to trying to enhance respect for human rights throughout the world and agree that human rights is an appropriate and legitimate consideration on decisions concerning foreign assistance, including MDB projects.

(2) In factoring human rights concerns into their decision on specific MDB projects, the industrialized countries want to avoid a "hit list".

(3) Other governments make their decisions on a case-by-case basis and, in determining whether to support or oppose a specific project in a country with gross human rights violations, they weigh the

seriousness of the violations against the extent to which the project will contribute to the country's development. This criterion is less narrow than our basic human needs exception and, therefore, leads them to consider opposing fewer projects. Moreover, they seem willing to consider opposition only to projects in countries in which the more egregious human rights violations have occurred. In some cases, however, they will oppose even bhn projects because of the seriousness of the violations.

(4) They are very concerned about undermining the apolitical and developmental integrity of the MDBs. Their caution in this regard also leads them to limit, at least initially, the number of countries for which they will oppose MDB projects.

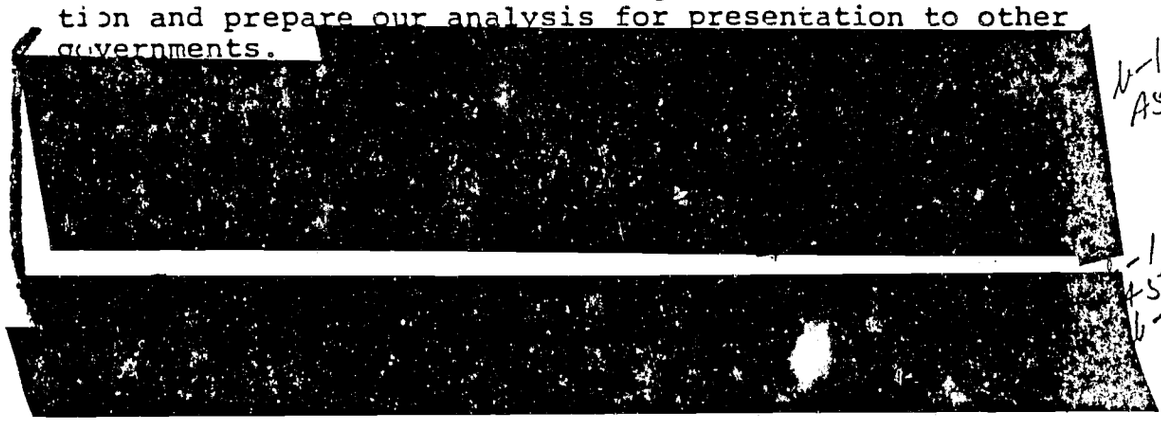
(5) All agreed that consultations were useful but that they should be principally bilateral and that those on specific projects should take place as far as possible before the projects are brought before MDB boards. They observed that our present procedure of advising them of the U.S. position on projects shortly before their consideration by the boards did not allow them sufficient time to formulate their own positions. Our interlocutors agreed that lack of detailed information on projects until only a few days before board decisions was a serious hardship, but suggested that perhaps we could obtain from MDB staffs preliminary or working documents which would provide enough information for our purposes.

(6) They also want to know when we are seeking their support because of the depth of our concern as opposed to simple notification.

(7) Most other governments do not examine documents on MDB projects as carefully as we do; nor do they have coordinated procedures for consideration of human rights issues. Consequently, in order for our solicitations of support to be effective, they must include more complete information on our analysis of projects and human rights conditions.

Given the reluctance of other governments to oppose projects except in the most serious cases, we must select very carefully the instances on which we will solicit their support. Of course, we should continue to advise them when we decide to oppose a project even if we do not explicitly seek their support for our position. Once others become accustomed to opposing projects, we may wish to solicit their opposition on a broader range of projects. As our embassies approach governments on specific projects, we also should advise relevant executive directors at the MDBs and perhaps their embassies here and even in the prospective recipient countries.

At Tab 2 is a list of forthcoming MDB projects in countries with serious human rights problems. We could select a few of these now and begin to collect information and prepare our analysis for presentation to other governments.



RECOMMENDATION

That you authorize the Working Group on Human Rights

and Foreign Assistance:

(1) to select from the list at Tab 2 several MDB projects (subject to your approval) [redacted] which the U.S. will oppose and

(2) to prepare comprehensive descriptions of our views on them for presentation to a few governments in an effort to solicit their opposition to them. (This recommendation is strongly supported by the Treasury Department.)

Approve V HC 2/5/79 Disapprove _____
(as modified - see note attached

Attachments:

Tab 1 Paris cables.
Tab 2 MDB list.

Drafted by: EB/IFD/ODF:AFWatson:cm
1/22/79:29426

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